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Chester J. Culver • Governor  
Patty Judge • Lt. Governor

Edward J. Stanek, Ph.D. • Chief Executive Officer

Oct. 15, 2007

Mr. William P. Angrick II  
Citizen's Aide/Ombudsman  
Ola Babcock Miller Building  
1112 E. Grand Ave.  
Des Moines, Iowa 50319

Dear Mr. Angrick:

Dr. Stanek has assigned response to your letter dated October 5, 2007 to me. I am the Executive Vice President of the Iowa Lottery Authority and assisted you with your inquiry of 1993-1997. I assure you that I intend to cooperate with your inquiry to the fullest extent possible. Dr. Stanek is scheduled to retire in less than 3 weeks and has numerous other duties to ensure the continuity of millions of dollars of lottery operations upon his transition in addition to his normal duties. He is also working with the attorney general's office regarding litigation both initiated by the Lottery and to defend the state from lawsuits related to TouchPlay. He has several thousand pages of documents to review in order to prepare for delivering depositions scheduled to take place before he leaves.

I think it is important to point out that while the documents from your office contain many theories, it appears that you are initiating this inquiry of your own volition since there is no documentation mentioned that your office has received a current complaint involving the Iowa Lottery.

Most of your documentation asserts lottery problems outside of Iowa in areas such as Ontario, British Columbia, and the United Kingdom although U.S. jurisdictions are mentioned. The source of the U.K. experience years ago was with a supplier that the Iowa Lottery has not engaged since 2001 and there was no such issue in Iowa. The problems with the lotteries in Canada resulted from citizen complaints left unattended and possibly ignored by their lotteries, something we do not do here. In addition there are fundamental differences in law.

Since you have not had a single complaint regarding the Iowa Lottery in many years, it leaves me to wonder what precipitated this inquiry and the justification of the expense that will be borne by the taxpayers for both the time of your office and mine.

Your letter mentioned media accounts of Dr. Stanek's impending retirement and you state, "If those reports were accurate..." You clearly acknowledge that media reports

may not be "accurate" on that insignificant item yet you apparently accepted the veracity of your colleague's quotes in the reason for your investigation to be media accounts in Minnesota, Wisconsin, Illinois, Kansas, British Columbia, Texas, California, Tennessee, and Indiana not to mention CNN and a blogger in Texas.

The documents you provided have a prosecutorial flavor rather than the tenor of an inquiry. They suggest that somewhere for some reason as yet to be determined, you have concluded that there is something sinister, not yet known, lurking, and the Lottery is guilty of something unless proven innocent. I have serious concerns about the genesis and intention of this inquiry.

The documents were prepared by Mr. Burnham of your staff. Had you tried to contact us before launching a formal inquiry, we could have had a dialogue regarding the substance of the issues involving other lottery jurisdictions as they relate to Iowa. But you have chosen not to use dialogue to preliminarily or informally discuss your issues. Instead you have chosen a confrontational approach. Also, your inquiry, which from our last experience could take as long as four years, seems to be attempting to race against Dr. Stanek's announced retirement deadline of less than 3 weeks.

If we could have had a conversation about the matters before you began your inquiry, I could have told you that the issues you raised regarding the U.K. were investigated by the Iowa Lottery and its vendor seven years ago, and that the issues did not exist in Iowa. Likewise, I could have told you that the issues you raised regarding the Kansas Lottery were fully investigated here seven years ago and that the Iowa Lottery ensured those issues did not impact its system.

But you apparently have not wanted a conversation; rather, you chose to employ a missive fraught with rumor and innuendo but remarkably devoid of facts relating to Iowa.

Do not take any of my comments to imply that the issues involved are unimportant. Quite the converse is true. We have addressed them and will continue to do so.

Because the paper that led you to open the formal inquiry is fraught with hearsay, innuendo, prejudice and preformed conclusions and is based on second-hand media accounts and not a citizen complaint or inquiry, in the interest of objectivity, I respectfully request that Mr. Burnham be taken off the project and another staff member assigned, as well as your assurance that Mr. Burnham will have nothing to do with this inquiry.

I also am flummoxed at your suggestion that the lottery has not followed through with the consumer informational advisories we discussed 10 years ago. The lottery has ordered and placed thousands of the information stickers through the years. The lottery also has woven much of the same information into its brochures that are in retail locations; has included the information on the back of lotto tickets; and has placed the information on its Web site.

You seem fixated upon the stickers being affixed to lottery terminals, but the terminals cannot always be installed in locations where the public would easily see such a sticker. That is why the lottery also has affixed the stickers in many locations to its vending machines. You also seem to be looking for just one brochure regarding the information we discussed. In fact, the information regarding lottery office locations, telephone numbers and its Web site have been included in nearly all of our game brochures so that it is routinely available. We also include that information in many of the news releases we send out statewide each day.


I also had to smile at your office's implication that the lottery did not inform the public about the Player Security pages we added to our Web site late last year. In fact, those new pages were announced at a joint news conference with the attorney general's office in January; included in a statewide news release we distributed at that time and again in February; advertised for months with Web banners on the lottery Web site and other prominent Web sites around the state; and mentioned in statewide public service radio ads we produced and paid for along with the attorney general's office. If we could have had a conversation before you began your formal inquiry, I could have told you that those extensive efforts were part of a joint campaign with the attorney general to warn consumers about the possibility of fraud and scam attempts and to provide overall security suggestions.

There are many other erroneous issues raised in your office's letter and memo, but they are so numerous that I do not currently have time to address them all. I simply raise that point so you are not left with the impression that I have addressed all errors in your missive.

The Lottery will attempt to respond in the time frame you have requested, however I note ~~that we have reservations about your office's jurisdiction with regard to this inquiry and~~ additional concerns regarding your request for confidential information. We reserve the right to raise these issues at a later time.

Again, we take these matters extremely seriously. Integrity is tantamount to the operation of our lottery, as is openness and translucency in government. We will respond to your questions and trust we can conclude this undertaking in less than the 3 ½ years involved in your inquiry of the 1990s.

Sincerely,



Kenneth A. Brickman  
Executive Vice President

Cc: Stanek; AAG